

SECRET

Approved For Release 2003/08/13 : CIA-RDP86-00964R000100070002-8

A G E N D A

GOVERNMENT EMPLOYEES' HEALTH ASSOCIATION, INC.

Board of Directors' Meeting

29 June 1966

2:00 p.m., Room 5 E 62

1. Call to Order
2. Reading of minutes (unless dispensed with)
3. Discussion of letter from Mr. Norman Conway, Mutual of Omaha, re improvements in contract and rate increases to be effective 1 January 1967.
4. Other Business
5. Adjournment

SECRET

Approved For Release 2003/08/13 : CIA-RDP86-00964R000100070002-8

~~SECRET~~

Approved For Release 2003/08/13 : CIA-RDP86-00964R000100070002-8

GOVERNMENT EMPLOYEES' HEALTH ASSOCIATION
Board of Directors' Meeting
20 May 1966

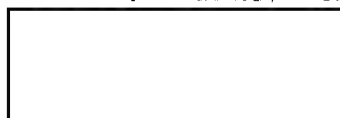
A regular meeting of the Government Employees' Health Association, Inc., Board of Directors was held on 20 May 1966 at 10:30 a.m. in Room 5 E 62, Headquarters Building. Those present were:

Directors



Chairman
Director
Director
Director

John M. Clarke, Director



Director
Director
Director

Officers



President
Vice President-Secretary

Legal Advisor
Medical Advisor

Absent was:

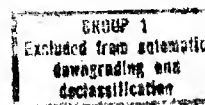
Joseph Becker, Director

The Chairman called the meeting to order. There being no corrections or additions, the minutes of the previous Board meeting were approved as presented.

The Chairman noted that each Board member had a copy of a memorandum from the President dated 12 May 1966, copy attached, concerning the PAMA insurance plan and the question of whether it should be continued, the issue having been raised by the Medicare legislation. The President reported that the underwriter was asked to evaluate the impact of Medicare on the PAMA plan. The underwriter advised that the present PAMA plan could not be continued because it

- 1 -

~~SECRET~~



Approved For Release 2003/08/13 : CIA-RDP86-00964R000100070002-8

~~SECRET~~

~~SECRET~~

would not be possible to obtain necessary bills and reports in order to settle PAMA claims when medicare coverage has been used. As mentioned in the President's memorandum to Board members, two alternative plans of insurance were offered. The President then asked the Board to consider a more basic question; whether or not to keep PAMA in the light of Medicare legislation, before proceeding with a discussion of the alternative plans. He reminded the Board that PAMA was developed because prior to Medicare there had been a real need for many employees to have such coverage for their parents and parents-in-law. With the passage of Medicare, which more than adequately satisfies this need, the question arises as to whether the Agency has any basis for continuing any form of PAMA coverage.

25X1 [] reported that he had studied the information furnished by the President and had prepared a comparison of the different programs to supplement Medicare. He distributed copies of this comparison to each Board member. On long term illnesses, [] found that the plan offered by Blue Cross-Blue Shield would provide better coverage whereas our proposed plan would suit short term illnesses. The Chairman asked about the experience on long term illnesses. The President stated that our experience has shown that there are very few long term illnesses although he did recognize that this was a problem to be considered.

25X1 [] noted that generally speaking most hospital admissions for patients of this age bracket are from fifteen to thirty days; a few extend to sixty days. Beyond sixty days, the patient has usually died or reached the point where less highly specialized care is needed and the patient is transferred to a nursing home. In addition, those cases which are over sixty days generally tend to be of a psychiatric nature.

25X1 [] stated that it will not be possible to get enough people interested in a supplemental plan to make it feasible. The President noted that 90% of the present policyholders must join in order to continue an alternative plan and that it would be doubtful that this many would do so.

Mr. Clarke noted that the problem here is whether the Agency should put out so much effort on something for parents of employees in the light of the broad Medicare coverage, and questioned whether there was any justification for continuing any form of PAMA coverage.

25X1 [] agreed and noted that anything we could offer to employees could be bought by them on the outside at practically the same cost. The President agreed with this and also noted that the Medicare plan will no doubt be improved as time goes on and the need for a supplemental plan will be reduced even more.

~~SECRET~~

SECRET

1111

After a full discussion of various aspects of the matter, [redacted] moved that PAMA be dropped entirely; [redacted] seconded the motion, which was unanimously approved.

25X1
25X1

The Chairman asked what the policy will be now that the decision has been made to drop PAMA. The President answered that a bulletin had been sent to employees urging policyholders not to drop PAMA until Medicare goes into effect on 1 July 1966. Our plan will end on 30 June 1966. The next step is to print a Headquarters [redacted] on the subject.

25X1

The Chairman then thanked [redacted] on behalf of the Board for the work he did in preparing the comparison. This was useful to the Board in making its decision and a copy will be placed with the minutes.

25X1

The Vice President-Secretary reported for the Board's information that if a policyholder has a parent in the hospital on 30 June, coverage under the PAMA plan will continue for the balance of contract benefits.

The Chairman asked for other business. The President reported that we may have to call a special meeting of the Board on the hospitalization plan to consider whether to improve benefits. He stated that the Congress is planning to increase the Government contribution on health benefits. He noted that we are hoping to use that money not to reduce the premium rate but to increase benefits even more.

The President reported that we now have the contract language for our UBLIC retiree coverage and even though the notice will not be out, it is planned to institute coverage effective 1 June 1966.

There being no further business, the meeting was adjourned at 10:55 a.m.

Respectfully submitted,

[redacted]

Vice President-Secretary

25X1

SECRET

Mutual
OF OMAHA



MUTUAL OF OMAHA INSURANCE COMPANY

J. SKUTT
CHAIRMAN OF THE BOARD
D. D. ULFERS
PRESIDENT

HOME OFFICE OMAHA, NEBRASKA

WASHINGTON, D.C., REGIONAL GROUP OFFICE
SUITE 1215, 1750 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C. 20006
278-8034

NORMAN C. CONWAY
MANAGER

June 16, 1966

STATINTL

[REDACTED]
Government Employees Health Association
Post Office Box 463
Washington, D.C.

GMG 1799

STAT

Dear [REDACTED]

To comply with the United States Civil Service Commission requirement that benefit changes in your contract GMG 1799 for the period beginning January 1, 1967 be filed prior to June 30, 1966, we respectfully submit the following new Benefits and their attendant monthly brochure rates:

1. Increase the daily room and board benefit under the high option from \$25 to \$30 per day.

\$.58 for self only
\$1.51 for self and family
2. Treat attempted suicide associated with a mental illness as any other accident or sickness while hospital confined and as a mental or nervous condition if not hospital confined.

\$.02 for self only
\$.05 for self and family
3. Pay out of hospital drugs for mental and nervous conditions at 80% rather than the present 50%.

\$.01 for self only
\$.03 for self and family

[REDACTED]
Page 2

June 16, 1966

4. Consider alcoholism and drug addiction associated with a mental illness as a covered expense.

\$.02 for self only

\$.04 for self and family

During the last two years, we have noted a significant upward trend in the loss ratio for your group and especially so within the last five months.

Should this trend continue, and it gives every indication of doing so, we would seriously recommend to you and your Board of Directors an experience rating increase for the forthcoming contract period beginning January 1, 1967 to offset this trend and to stabilize your experience for the new contract period.

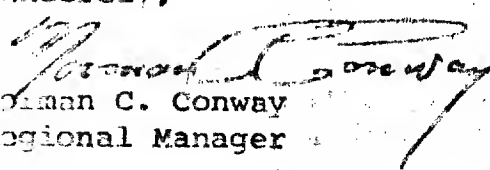
We do not, at present, feel we have accumulated enough information to establish the exact percentage of such an increase nor will we have such information until we have had the opportunity of reviewing at least two additional months of actual claims.

We will, of course, make our recommendations to you well in advance of the August 31, 1966 deadline and in enough time for consideration by you and your Board.

I wish to take this opportunity to thank you and [REDACTED] on behalf of Mr. Jones, Mr. Randall and myself for our very productive meeting on Wednesday, June 8, 1966.

STATINTL

Sincerely,


Norman C. Conway
Regional Manager